

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2020-12

No. 102 AN ORDINANCE OF THE CITY OF PROVIDENCE APPROVING CONTRACTUAL ARRANGEMENTS WITH THE RHODE ISLAND INFRASTRUCTURE BANK ("RIIB") FOR RIIB TO PROVIDE UP TO \$3,000,000.00 IN FUNDING FOR A LOAN PROGRAM FOR OWNERS' LEAD SERVICE LINE REPLACEMENTS AND APPROVING THE FINANCING THEREOF BY THE ISSUANCE OF WATER REVENUE BONDS AND NOTES THEREFOR IN AN AMOUNT NOT TO EXCEED \$3,000,000.00

Approved March 20, 2020

Be it ordained by the City of Providence:

SECTION 1. A sum not to exceed Three Million Dollars (\$3,000,000) is appropriated to fund a loan program for owners' lead service line replacements. The period of usefulness of the improvements financed is expected to be not less than forty (40) years.

SECTION 2. To provide funding for the loan program, in accordance with Chapter 46-12.8 of the Rhode Island General Laws, the City Treasurer and the Mayor are hereby authorized to borrow an amount not exceeding Three Million Dollars (\$3,000,000) from the Rhode Island Infrastructure Bank, and to evidence such loan, such officers are hereby authorized to issue and refund on behalf of the City, in an amount not exceeding Three Million Dollars (\$3,000,000) water revenue bonds (the "Bonds") of the City, at one time, or from time to time in order to meet the foregoing appropriation.

SECTION 3. The said officers from time to time may issue and refund not exceeding \$3,000,000 interest bearing or discounted water revenue notes (the "Notes") in anticipation of the issue of said Bonds.

SECTION 4. The Bonds and Notes shall be payable solely from revenues of the Providence water supply system. The City may issue bonds, notes, or other obligations on a parity with these Bonds. The manner of sale, amount, denominations, maturities, conversion or registration privileges, interest rates, medium of payment, and other terms, conditions and details of the Bonds or Notes may be fixed by the officers authorized to sign the Bonds or Notes. The net debt of the City is not affected by the issuance of the Bonds or Notes and the Bonds and Notes authorized hereby will be within all debt and other limitations prescribed by the Constitution and the laws of Rhode Island.

SECTION 5. Pending the issuance of the Bonds under Section 2 hereof or pending or in lieu of the issue of Notes under Section 3 hereof, the General Manager of Providence Water may expend funds from the Water Fund of the City for the purposes specified in Section 1 hereof. Any advances made under this section shall be repaid without interest from the proceeds of the Bonds or Notes issued hereunder or from the proceeds of applicable federal or state assistance or from other available funds.

SECTION 6. The City Treasurer, the Mayor and the General Manager of Providence Water are also authorized, empowered and directed, on behalf of the City, to: (i) execute, acknowledge and deliver a Supplemental Indenture (the "Supplemental Indenture") by and between the City and U. S. Bank, National Association, as trustee (the "Trustee") amending and supplementing the Trust Indenture dated June 5, 2008 by and between the City and the Trustee (as supplemented, the "Indenture") relating to the Bonds and any and all other loan agreements, documents, including disclosure documents for investors, certificates or instruments necessary to effectuate such borrowing; (ii) amend, modify or supplement the Indenture, the Bonds or Notes and any and all other loan agreements, documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) direct the Trustee with regard to investments of trust funds pursuant to the Trust Indenture, and (iv) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this Ordinance.

SECTION 7. The City Treasurer, the Mayor and the General Manager of Providence Water are hereby authorized to deliver the Bonds or Notes to the purchaser and, to the extent that such Bonds or Notes may be issued on a tax-exempt basis, said officers are hereby authorized and instructed to take all actions, on behalf of the City and Providence Water, necessary to ensure that interest on the Bonds or Notes will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds or Notes to become subject to federal income taxes.

SECTION 8. The Director of Finance, the Mayor and the General Manager of Providence Water are authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver one or more Disclosure Certificates in connection with the Bonds or Notes in the form as shall be deemed advisable by the Director of Finance, the Mayor and the General Manager of Providence Water in order to comply with the SEC Rule. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Certificates, as they may be amended from time to time. Notwithstanding any other provision of this Ordinance or the Bonds or Notes, failure of the City or Providence Water to comply with a Disclosure Certificates shall not be considered an event of default; however, any Bondholder or Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Providence Water to comply with its obligations under this Section and under the Disclosure Certificate.

SECTION 9. This Ordinance shall take effect upon passage.

IN CITY COUNCIL
 MAR 05 2020
 FIRST READING
 READ AND PASSED

Sham Kellor

 CLERK

IN CITY
 COUNCIL

MAR 19 2020
 FINAL READING
 READ AND PASSED

Safina Mateo

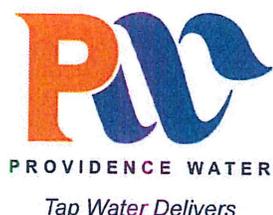
 PRESIDENT
Sham Kellor

 CLERK

I HEREBY APPROVE.

[Signature]

 Mayor
 Date: 3/20/20



January 29, 2020

Council President Sabina Matos
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Providence Water Borrowing: \$3 Million Private Side Lead Service Replacement Loan Program

Dear President Matos:

As part of Providence Water's effort to reduce lead at our customer's tap, Providence Water has provided no interest loans for customers to replace the customer owned (private side) lead portion of the service that feeds water to a customer's home. Providence Water is looking to borrow \$3 million from the Rhode Island Infrastructure Bank to offer no interest, ten (10) year loans to our customers. Attached is an ordinance approving this borrowing.

- There are approximately 28,000 private side lead services in the Providence Water distribution system.
- Providence Water engaged in a vigorous solicitation for this program – sending 40,000 letters to potential participants in this program.
- Providence Water has \$250,000 per year available in rates to provide zero percent, three (3) year loan loans. The interest in this program exceeded the funding from rates that was allowed by the PUC.
- Providence Water approached the RI Infrastructure Bank (RIIB) for bridge financing of \$1 million to accelerate the loan program.
- RIIB provided bridge financing of \$1 million approved the first loan of \$1 million at 0% interest with a 3-year repayment schedule that mirrored the Providence Water customer's repayment schedule.
- Through November 2019, 418 private side lead services have been replaced and 274 of those have chosen this 0% interest loan program to finance the work.
- The term for this loan has been extended from 3 years to 10 years to reduce the customer's monthly payment and make the private side lead service replacement more affordable. The average cost of a private side lead service replacement is ~\$3,700. The extended loan term would reduce the monthly payment from ~\$100/month to ~\$30/month.
- This total of \$3 million will cover project costs, cost of issuance, the origination fee, as well as the debt service reserve fund deposit, if necessary.
- The interest rate on this loan will be 0%.
- The term of the loan is being discussed with RIIB.
- This loan will cover project costs for fiscal years 2020.
- The Providence Water Supply Board has approved this borrowing. The executed resolution accompanies this letter.

We are requesting that this matter be placed on the February 6, 2020 City Council meeting docket for approval.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD

Ricky Caruolo
General Manager

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

BOARD OF DIRECTORS

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Chairperson

Joseph D. Cataldi
Vice Chairperson

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Council President Pro Tempore

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Cristen L. Raucci, Esq.
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Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

MEMBER

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

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PROVIDENCE WATER

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**RESOLUTION
OF THE
PROVIDENCE WATER SUPPLY BOARD**

A Resolution of the City of Providence Water Supply Board expressing the intention of the Board to reimburse expenditures from the proceeds of the Notes, Bonds, or Loans for certain Infrastructure Improvements and to provide an effective date.

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

WHEREAS, the City of Providence Water Supply Board (the Board) is an agency of the City of Providence, Rhode Island and owns and operates a Water Supply system (the System); and

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- Sara Silveria
Ex-Officio
- Cristen L. Raucci, Esq.
Member
- Carissa R. Richard
Secretary
- William E. O'Gara, Esq.
Legal Advisor

WHEREAS, the Board desires to make certain expenditures related to the Private Side Lead Service Replacement Loan Program.

WHEREAS, it is the intent of the Board to borrow funds in an amount, not to exceed three million dollars (\$3,000,000.00) for expenditures related to the Private Side Lead Service Replacement Loan Program and any cost of issuance and/or reserves as required.

NOW, THEREFORE, BE IT RESOLVED:

❖ This Resolution is an affirmative action of the Board towards the issuance of Bonds, Notes, or Loans through the RI Infrastructure Bank and/or other funding avenues. This resolution constitutes the Board's declaration of official intent pursuant to Treasury Regulation 1.150-2 to reimburse the Board's funds and accounts for certain infrastructure expenditures paid on or after the date which is sixty (60) days prior to the date of this resolution but prior to the issuance of the Bonds, Notes, or Loans.

❖ That the Board authorizes the General Manager to borrow through the Rhode Island Infrastructure Bank and/or any other funding avenues for the Private Side Lead Service Replacement Loan Program.

❖ This resolution shall take effect upon passage.

The above and foregoing was duly adopted and approved at a meeting of the City of Providence Water Supply Board as held on January 15, 2020 by vote of the members of the Providence Water Supply Board present.

MEMBER

- Rhode Island Water Works Assn.
- New England Water Works Assn.
- American Water Works Assn.
- Water Research Foundation

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Xaykham Khamsyvoravong, Chairman
Providence Water Supply Board

Carissa R. Richard, Secretary
Providence Water Supply Board



PROVIDENCE WATER

Tap Water Delivers

**RESOLUTION
OF THE
PROVIDENCE WATER SUPPLY BOARD**

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

A Resolution of the City of Providence Water Supply Board authorizing the General Manager to petition the Division of Public Utilities and Carriers to authorize long term borrowing and to provide an effective date.

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Vice Chairperson

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Cristen L. Raucci, Esq.
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

WHEREAS, the City of Providence Water Supply Board (the Board) is an agency of the City of Providence, Rhode Island and owns and operates a Water Supply system (the System); and

WHEREAS, the Board desires to make certain expenditures related to the Private Side Lead Service Replacement Loan Program.

WHEREAS, it is the intent of the Board to borrow funds in an amount, not to exceed three million dollars (\$3,000,000.00) for the Program.

NOW, THEREFORE, BE IT RESOLVED:

❖ That the Board authorizes the General Manager to petition the Division of Public Utilities and Carriers to authorize long term borrowing, and to authorize the City and the Board to borrow through the Rhode Island Infrastructure Bank and/or any other funding avenues for the Program.

❖ This resolution shall take effect upon passage.

The above and foregoing was duly adopted and approved at a meeting of the City of Providence Water Supply Board as held on January 15, 2020 by vote of the members of the Providence Water Supply Board present.

MEMBER

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American Water Works Assn.
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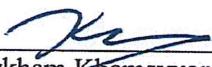
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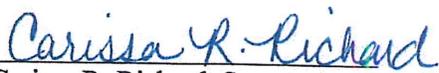
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Xaykham Khamsyvoravong, Chairman
Providence Water Supply Board


Carissa R. Richard, Secretary
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